



U.S. Department of Justice
Environment and Natural Resources
Division

DJ # 90-11-3-07425

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[RULE 408 COMPROMISE NEGOTIATION]

March 19, 2009

Dennis O'Grady, Esq.
Riker, Danzig, Scherer, Hyland & Perretti
Headquarters Plaza
One Speedway Avenue
Morristown, NJ 07962-1981

Re: In re G-I Holdings, Inc., et al. Case Nos.:01-30135 (RG) and 01-38790(RG)

Dear Dennis,

In furtherance of our efforts to resolve the United States' environmental actions against Debtor G-I Holdings, Inc. and to develop an acceptable Assumption of Liability Agreement related to the Linden, New Jersey Sites, the United States has requested specific financial information regarding ISP. On March 9, 2009, I received from you a narrative description of ISP Environmental Services ("IES"). After review of this document and consultation with our financial experts, the United States renews its request for certain financial documents, and seeks some additional information regarding IES. Please provide the following by no later than March 27, 2009.

1. Legal entity organizational charts of ISP Environmental Services (IES), ISP Chemco LLC, International Specialty Holdings LLC, International Specialty Products Inc., ISP Corp., ISP Chemicals LLC, and related entities;
2. Explanation of your position that IES is the corporate successor to the GAF entity that operated in Linden, New Jersey as opposed to ISP Chemco LLC, ISP Corp., or other ISP entities;
3. Management organization charts for IES;

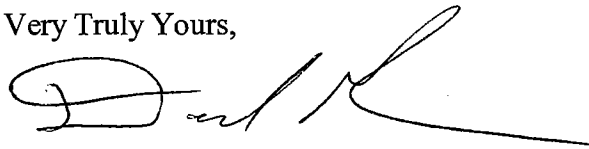
4. Audit report (if any) for IES;
5. 5 year projections (balance sheet, income statement, and cash flows) in excel with detailed assumptions listed for IES;
6. Monthly actual financial statements for all periods available for the last 18 months;
7. 2009 budget;
8. Any loan or financing agreements;
9. Provide details of insurance receivables including projected payments; and
10. Breakout of accrued liabilities.

Also, please indicate whether the 143-acre site in Linden, New Jersey referenced in your narrative is subject to any liens or claims by any parties, confirm whether the City of Linden has initiated an eminent domain case with respect to the site, and provide all documentation related to these matters. We also understand that the State of New Jersey has initiated a Natural Resource Damages case against IES with respect to the Linden sites. Please describe how these matters may impact the financial viability of IES.

In order to resolve these issues as quickly as possible, we would like to schedule a meeting with our financial experts and the appropriate financial representative from EIS on March 31 or April 1. Please advise me of your availability.

Finally, if it would help facilitate resolution of the United States' claims relating to the Linden Sites, we are willing to explore settlement possibilities with IES at this time.

Very Truly Yours,



David L. Gordon
Dianne M. Shawley
U.S. Department of Justice
Environmental Enforcement Section
Environment and Natural Resources
Division

cc: Via E-Mail
Alan Tenenbaum, Esq. (DOJ)
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